

Message Text

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43

ACTION EB-11

INFO OCT-01 AF-10 EUR-25 ADP-00 SS-14 NSC-10 CIAE-00

DODE-00 INR-09 NSAE-00 PA-03 RSC-01 USIA-12 PRS-01

STR-08 AID-20 COME-00 FRB-02 TRSE-00 XMB-07 OPIC-12

CIEP-02 LAB-06 SIL-01 OMB-01 RSR-01 L-03 /160 W

----- 061901

R 151351 Z MAR 73

FM AMEMBASSY PRETORIA

TO SECSTATE WASHDC 7794

INFO AMEMBASSY BERN

AMEMBASSY LONDON

AMCONSUL CAPE TOWN

AMCONSUL DURBAN

AMCONSUL JOHANNESBURG

LIMITED OFFICIAL USE PRETORIA 0846

E. O. 11652: N/ A

TAGS: EFIN, SF

SUBJECT: SA GOLD AND FOREIGN EXCHANGE RESERVES

REF: PRETORIA 747

CAPE TOWN ALSO FOR EMBASSY

1. SA RESERVE BANK HOLDINGS REPORTED MARCH 9 AS FOLLOWS (MILLION RAND):

GOLD	553.5
FOREIGN EXCHANGE	487.1
TOTAL	1,040.7

INCREASE IN GOLD RESERVES (R0.7 MILLION) REPRESENTS APPROXIMATELY 4 PERCENT OF ESTIMATED WEEKLY PRODUCTION. PRESS ATTRIBUTES SHARP INCREASE IN FOREIGN EXCHANGE HOLDINGS (UP R29.9 MILLION) TO RECEIPTS FROM GOLD SALES TAKING ADVANTAGE OF HIGH FREE MARKET PRICE. TOTAL RESERVES IMPROVED BY R30.7 MILLION. PRESS ESTIMATES TOTAL SA RESERVES, I. E. INCLUDING RESERVES HELD

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OUTSIDE RESERVE BANK, AT APPROXIMATELY R1,234.5 MILLION.

2. SA RESERVE BANK SUSPENSION OF FOREIGN EXCHANGE DEALINGS REMAINS IN EFFECT. COMMERCIAL BANKS AND OTHER FINANCIAL INSTITUTIONS CARRYING OUT LIMITED CONVENIENCE EXCHANGES FOR CUSTOMERS AT RAND BUYING RATES RANGING FROM US DOL 1.4265 TO REPORTEDLY US DOL 1.56. EXPECTATION IS THAT EUROPEAN AND OTHER MONEY MARKETS WILL REOPEN MONDAY, MARCH 19, AND SARB SUSPENSION WILL BE LIFTED FOLLOWING DAY.

3. IN SPEECH BEFORE SENATE EARLY IN WEEK, MINFIN DIEDERICH SAID THAT SAG WOULD WAIT FOR INTERNATIONAL SCENE TO BECOME CLEARER BEFORE MAKING A DECISION ABOUT THE RAND. IN LATER SPEECH TO AFRIKAANSE HANDELSINSTITUUT, HE EMPHASIZED IMPORTANCE OF GOLD AND SUGGESTED " MEANINGFUL INCREASE" IN OFFICIAL GOLD PRICE KEY TO RESOLUTION OF PROBLEM. AT SAME TIME HE STRESSED KEY ROLE OF DOLLAR AND SAID LOSS OF CONFIDENCE IN DOLLAR " MIGHT REACH POINT WHERE POWERS MIGHT BE UNLEASHED WHICH ALL THE MONETARY POWERS COULD NOT CONTROL THROUGH JOINT ACTION." HURD

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*** Current Handling Restrictions *** n/a

*** Current Classification *** LIMITED OFFICIAL USE

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30 JUN 2005

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